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**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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Ref: 8ENF-L

February 4, 2011

Bill Duffy
Counsel for Atlantic Richfield
1550 Seventeenth Street, Suite 500
Denver, CO 80202

Re: EPA communication with the State of Colorado regarding water permitting issues in Rico, Colorado.

Dear Mr. Duffy,

I am writing this letter to inform you about recent communications between EPA and the State of Colorado with respect to the St. Louis Tunnel discharge at the Rico-Argentine Mine in Rico, Dolores County, Colorado. As you are aware, Atlantic Richfield ("AR") has expressed the desire to do investigation and a 30% design of a water treatment plant under an Order with EPA, and complete design and construction by working with the State to obtain a Colorado Discharge Permit.

On January 27, 2010, EPA and the State spoke at length about Atlantic Richfield's proposal. At the end of the conversation, the State and EPA agreed that the most efficient way to address the discharge in Rico will be for EPA's Order to extend through construction of appropriate water treatment/management system, with the understanding that once the system is built, the State of Colorado may issue a discharge permit.

This process will simplify the approach and be more efficient for several reasons. First, the State is currently dealing with a high volume of permit applications. Proceeding under one Order will coincide with the State's schedule to review the permit application. Second, there will be little if any duplication between the State permit process and EPA's Order. The State does not review design plans for industrial wastewater permits; therefore, AR will not have to submit design plans to the State as part of the application process. As there is an existing Water Quality Analysis, AR will not have to wait for the State to complete one before determining proper effluent limits. Third, EPA's Action Memo defines the work to be done in Rico as a Time Critical Removal Action. Completing the work under one streamlined Order better aligns with the timeframe contemplated under a Time Critical Removal Action. Finally, EPA and the State will keep an open dialogue about the ongoing progress in Rico.

Considering these facts, both EPA and the State determined that the best and most efficient way to deal with the St. Louis Tunnel discharge is for Atlantic Richfield to perform the work under an Order that carries through investigation, design, and construction of the appropriate response actions. After the work is complete, Atlantic Richfield will be in position to obtain a discharge permit from the State.

While this letter may seem to be a departure from previous communications between Atlantic Richfield and EPA, or Atlantic Richfield and the State, EPA is confident that the process outlined in this letter will ensure greater efficiency and effectiveness in dealing with the on-going releases in Rico. We look forward to working with both the State, and Atlantic Richfield. Please feel free to call me with any questions.

Sincerely,



Amelia Piggott
Enforcement Attorney
U.S. EPA, Region 8
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cc: Steve Way, EPA
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